

Morgan and Morganism

THE MAN AND
HIS METHODS.

What is the Future of the Shipping Trust?

Under the heading of "Morgan and Morganism," the London Daily Mail is publishing a series of letters on the great American financier that will be read with marked interest by his fellow countrymen at home and abroad. The tenth and eleventh articles are herewith reproduced.

For reasons already indicated, Mr. Morgan's shipping trust—the International Mercantile Marine company, to which its registered name—hardly seems to be considered in this country from the point of view of the investor. The ordinary man who, having accumulated some small capital, desires to invest it in some profit-making enterprise, there are other businesses than other shipping concerns far more attractive.

It has to pay a very high price for shipping lines it absorbed—so high that the 25 per cent of the share money they received for the full value of the property they were parting with is a very small sum. It has authority to borrow \$100,000,000 on 4 1/2 per cent debentures; it has a cash proportion of the purchase price of 45 per cent gold bonds—its charge upon the assets of the company—and its 5 per cent preference stock, which form one-half of the capital, are cumulative dividend stock. When the 4 1/2 per cent gold bonds have been satisfied out of the profits, when the interest on the 4 1/2 per cent debentures has been paid—nevertheless the shareholders will begin to look for their share of the profits.

It will need close upon three-quarters of a million pounds of annual profit in addition to these first charges to pay preference dividend before the common or deferred stock begin to participate.

The ordinary stock does not, on the whole, offer any very alluring incentives to the investor. As to the 5 per cent cumulative preference stock, there is little information upon which the public can find its estimate of value.

By the laws of the state of New Jersey, under which the Atlantic trust, the trust, and most of the other great trusts are registered, the full and complete information which English company law requires need not be disclosed.

Estimate of the trust's possible profits, the most illuminating circumstance as to the value of the trust's stock, is the other day when White Star shareholders, who were entitled to be paid a quarter of the amount of their purchase money in cash, were given the option of relinquishing it in 4 1/2 per cent gold bonds. It is estimated that this option was exercised in a very small extent.

The White Star proprietors knew it was the value of the property which they sold, and out of which the "combine" has to make a considerable part of its necessary profit. They were offered for their cash a first charge of 4 1/2 per cent upon the property, and business they had sold.

They preferred the cash. These days a 4 1/2 per cent investment must appeal to any capitalist who is not a member of the White Star. The circumstance that the White Star proprietors, who better than any one else know the value of the security, preferred to their cash not likely to stimulate the outsider to exchange his cash for the less perfect security of the White Star.

There is a rough and ready way of estimating by which some approximate value of shipping values may be gathered. According to the last annual report of the shipping line, the value of the property was \$1,000,000,000, which is returned as \$2,500,000,000, which is out at a little more than 2 1/2 per cent. The cost of building cargo ships is considerably less. The average cost by the shipping trust is \$1,000,000, with a gross tonnage of 10,000 tons.

These are not new ships. Some of them are old ships. But against the depreciation may be set the value of the buildings, and shore plant, capital of the company, leaving the gold bonds, and the authorized share issue, is \$24,465,000, so that the security by the "combine" is something more than ten times the gross tonnage. It is the investor on this side of the

Atlantic will have none of the shipping trust, and as the investor on the other side of the Atlantic seems to have very much better employment for his money, it is hardly worth while to speculate upon values. One may wait for the presentation of the company's reports, with the disclosure of such information as to profit and loss, details of revenue and expenditure, and provision for depreciation as may be vouchsafed under the convenient laws of the state of New Jersey. One may look with interest also for the inevitable financial and paper-mongering, the conversion of stock, and so forth, inseparable from the operations of the new finance.

However, the trust may fare as a commercial undertaking, it has not secured its full growth. The trust never does. The industrial giant is like the show giant; when it can no longer claim to be "still growing" it is moribund. There is no finality to the operation of the "combine" system. The appetite grows with distension. The trust is not the final development. It produces only some 50 per cent of the steel manufactured in the United States at present. It must go on amalgamating, or it ceases to have any right to the title of trust.

Nothing is more certain than that the money market is continuing favorable, and the production of steel continuing to be profitable, the United States Steel corporation will be merged into a still greater corporation, which will combine some of the producing plant outside the combination. For the preservation of its position, the oil trust has for ever to extend its operations.

The Atlantic trust must go on swallowing up other shipping companies if it is to maintain predominance on the Atlantic.

Like the steel trust, it has no monopoly, and never can establish a monopoly, but the establishment of a monopoly is the hopeless endeavor to which it is condemned, at the cost of whatever excessive employment of capital.

The name of Mr. J. Pierpont Morgan is now being associated in America and elsewhere with the projected formation of a meat trust.

There is not much room for speculation as to the possibility or probability of the merging of the leading Chicago packing businesses in a gigantic trust. That is imminent and inevitable. There is already a beef ring. The great houses in Chicago are nominally competitive but actually co-operative. They have a working agreement as to the price of the supply, and adjusting their supplies to the requirements of the market as to avoid the risk of a glut and the consequent fall of prices. This is a condition of things which implies the recognition of the trust principle of "community of interests" and tends to the establishment of a one-man authority.

It is only one step further to the trust. And if a meat trust in America is inevitable, it is also inevitable that Mr. J. Pierpont Morgan will be the financial center of it, for the problem of organization presents difficulties which he, by his genius and experience, is prominently qualified to cope with. There are mountains to be moved before the thing can be accomplished.

There are giant kings in the meat trade in Chicago, St. Louis, Kansas City and Omaha, with mutual jealousies to be reconciled.

To men like the Armour and the Cudahys, who have made their millions, there is still something dearer to their ambitions than mere money. The idea of supremacy, the kingship of the trade, must appeal to them.

Who other than Mr. Morgan is likely to be able to bring rivalries like these to peaceful agreements?

The American meat trade may be said to have reached a turning point in its history. The period of abundant, excessive production has passed or is passing. To us in this little land, accustomed to think of the limitless prairies of the great new world, it comes as something of a shock to be told

that America can ever fail to supply the world with beef. But in a few years' time the United States will raise barely enough beef to feed its own population. Every year the surplus proportion of her production available for export shrinks.

The day is within sight when the supply will be insufficient to meet the demand of the ever-increasing population, and America herself, the world's bounteous food-giver, will have to look abroad for supplies.

If the United States is to handle the beef supply of the world it must be able to command the sources of supply. Already the influence of Chicago is felt in the Argentine meat trade. It will be in regard to its operations in the Argentine republic that the meat trust will chiefly affect this country.

Since 1897 the supply of fresh beef from the United States to this country has increased. But when the vasty increased facilities offered by the development of the refrigerating system and the increased demand caused by the restriction of live importation are remembered, the increase is small. In 1897 the United States sent over here 2,343,000 cwt. of fresh beef. Last year they contributed 3,330,000 cwt.

In the same period of five years our importation of fresh beef from the Argentine republic has increased from 84,673 cwt. to 773,900 cwt. The figures are startling and their progression is remarkable. For the five years they are as follows: 84,673 cwt., 108,238 cwt., 150,388 cwt., in 1899 the huge jump to 416,000 cwt., and last year the figure already quoted by the side of the United States' total of 3,330,000 cwt. the Argentine's 773,900 cwt. seems trifling; but there is no overlooking the importance of the meaning that attaches to a rate of increase like this. What possibility of supply in the immediate future from a country of vast resources, whose trade has increased nearly ten-fold in five years! Approximately there are 25,000,000 head of cattle in the Argentine, while as yet the cattle trade is only in a stage of rudimentary development.

Chicago, in fact, has a rival, Canada, again, though at present insignificant as a grazing country—there are only some 5,000,000 cattle to all her territory—has vast possibilities. Her energy is more profitably occupied at present in raising corn. If Chicago is to retain the trade of the world in meat it must be by reason of something more than a monopoly of the product.

In regard to the profitable marketing of her production, the United States has perhaps done better with beef than with any other commodity. In corn a ring or corner has had the occasional effect of temporarily putting up prices; but the artificial conditions have always been swept away by the overwhelming abundance of the supply. In beef, the Chicago ring has been of late able here, as well as in the states, to regulate prices. It has set itself to the task of capturing the markets and capturing the profits of marketing as well as the profits of production. In England it has been completely successful. It not only owns Smithfield, but throughout the country it has established a perfectly organized system of distribution.

In a perishable article of daily consumption such as beef, regularity of supply is the first necessity. Chicago, since the refrigerating system was perfected, has been able to ensure this. It obtained dominance of the Smithfield market not only because its produce was good, but because it could safely be depended upon day by day for the necessary supply. The market has come to rely so completely upon the American supply of beef, that there is practically no sale for the home-grown product.

One may wander through the beef groves of Smithfield and see hardly a carcass of English meat.

Now, having captured the market, the Chicago firms so regulate their supplies to the demand as to keep up the prices to a profitable level. Before their working agreement was established the prices were not always profitable to them. They glutted the market at times, and at times they left the buyers to look elsewhere for the day's supply or a proportion of the day's supply. An unsteady, variable market did not pay them. But now that they are able to regulate the demand of the market to satisfy it, the business is profitable.

The meat trust will have to look for its profits over here in the control of the markets and the machinery of marketing. In the future, if it is to operate successfully in this country, it will have to make the demand of the Argentine beef to the English people. The Atlantic shipping trust will have to be a very complete trust if that is to be accomplished.

CONCLUSION.

Mr. J. Pierpont Morgan, then, wields no magic power. He cannot by his decree turn a bad scheme into a good one, nor make unadvised business profitable. He has exploited the absolute prosperity of his country to his own profit, but the commerce of the United States is not a penny the better for him.

The commerce of the United States must indeed before long be the worse for his operations, and for the national spirit of which he is the type and example. Mr. Pierpont Morgan has no monopoly in the United States of financial inflation. He is the greatest exponent of the art, but the practice of it is universal. The ratio of progression in the past few years has been accepted by a sanguine and enthusiastic people as an established ratio to continue indefinitely. Every value has appreciated with growing prosperity until the consequent growth of property has come to be regarded as a settled condition justifying further appreciation.

Real property in New York commands today prices which are justified only by a liberal estimate of future values, but which under present conditions are admitted to be unremunerative.

A sanguine "bull" spirit pervades the whole nation, and everything is bought for a rise.

There have been such periods in England and in every other country, and in every country there will be such periods again. But in no country are the conditions which produce them continuous.

The period of inflation is followed inevitably by the period of depression. The financial excesses that accompany conditions of great prosperity, the over-capitalization and over-speculation of a "boom" themselves hasten the "slump" that must inevitably sooner or later follow.

It is the certainty of the coming of the reaction in the United States that causes the huge Morgan pyramid of paper values to be regarded the world over with apprehension. The steel trust is over-capitalized. Its constituent businesses were acquired at the best possible estimate of their worth and passed on to the public at a huge advance in price. The huge Morgan railroad concerns have to bear a burden

of unremunerative capital.

The Atlantic shipping "combine" is an almost ludicrous example of over-capitalization. There is absolutely no relation between the paper value of the company and the actual commercial value of the ships which comprise the company's possessions.

These things are recognized by men of business the world over, and the signs of general apprehension are visible every day.

There is hardly a man of business in the whole world of commerce who does not upon taking up his morning paper look first of all for news of the condition of the money markets of New York. The smallest financial complication there arouses an intensity of interest. The remarkable sensitiveness to small impulses of the New York market indicates unstable equilibrium. There is a constant state of anxiety punctuated by recurring outbreaks of excitement which time and again have seemed to be on the point of developing into panic.

The conservative finance of New York recognizes the danger as clearly as do London and Paris, but New York cannot "get out from under" the towering skyscraper whose shadow darkens all Wall street. In Europe there is, it is believed, no great necessity to "get out from under," but there is manifested on the part of the cautious man of business the firmest resolve to "keep out from under."

Neither the steel trust nor the Atlantic trust are alluring bait over here to the investor or speculator.

The magnitude of the Morgan problem is illustrated by the fact that the importance it gives to the small matter of the levying of the distress warrant in Venezuela. Such incidents have occurred time and again, and passed almost unnoticed. But in two hemispheres men are watching the news from Caracas and La Guayra, fearful lest some small thing should happen there which would involve the United States in the quarrel. Venezuela is a name that does not recall pleasant memories to the New York stock exchange. When England and the United States seemed to be at the point of quarrel with regard to the settlement of the Venezuelan boundary dispute prices came tumbling down in Wall street, and there was not then so much more so far to tumble.

The firm and proved conviction in America of this country, at good will precludes the possibility of any serious trouble coming of the Venezuela incident. But its progress, all the same, must continue to be followed with anxious interest everywhere, and especially in New York.

Mr. J. Pierpont Morgan has achieved his greatness by the use of the power which in commerce attaches to the control of the transport of commodities. The power of a railroad, especially in a new country, is inconceivably great. Control of railroads has brought with it to him control of industries. His dominance of iron and coal-carrying roads of the United States has brought with it his dominance of the United States coal, iron, and steel industries.

Transport, in fact, is the keyword of his system.

There has never been heard in all his career a single imputation against his commercial probity. He has made vast profits, but has not squandered them. "When the house of J. P. Morgan is acting in a fiduciary capacity it is not speculating on the stock exchange," he once proudly declared in evidence. And indeed his honesty is above and beyond suspicion. It has never been suggested that in comparison with the magnitude of his operations his gains were disproportionate. His word in all commercial matters has always been as good as his bond.

It is no suspicion of his probity that makes New York and London timorous of the future.

It is the fear that there is a time approaching when the prosperity of industrial America will be unable to support the all too heavy financial burden which he has placed about its shoulders.

EYES GIVEN TO BABY.

Born absolutely blind, a child eight months old has received the gift of sight through an operation by Dr. Francis M. Michael, an oculist of Binghamton. The child is Helen, daughter of William Kingsley. One of Mr. Kingsley's sons, a boy seven years old, has had sore eyes for a year. The baby's blindness is attributed to a maternal impression, the mother having worried about the boy's eyes.

The baby is puny and it has been difficult to make her take nourishment. This is a natural condition with children born blind, physicians say, for as a baby turns from one object to another and is delighted by bright colors it kicks and moves all its muscles, causing healthy growth. Since Helen's operation which gave to the baby the power to see, she has already begun to show signs of better appetite and health.

Before the operation the eyes appeared

ed natural, excepting that the black reflex, ordinarily seen, was white and glistening in the pupil of the eye.

At that point in the operation Dr. Michael found that the eyes had no lenses, but that in their place was a hard, dense, white membrane, Belladonna was dropped into the eye to enlarge the opening in the membrane, and the outer portion of the corner and then through the pupil, then through the white membrane, making a vertical

incision through the eye-ball. At that point in the operation Dr. Michael found that the eyes had no lenses, but that in their place was a hard, dense, white membrane, Belladonna was dropped into the eye to enlarge the opening in the membrane, and the outer portion of the corner and then through the pupil, then through the white membrane, making a vertical

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hand was quickly passed in front of the baby's eyes. Instantly she moved her head. The gesture was repeated, and again the head moved. Bright colors were passed before her eyes, with the same effect. Since the operation many evidences of sight have been shown and Dr. Michael says with the aid of glasses she will see as well as any person.—New York World.

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DOAN'S KIDNEY PILLS

cure every form of kidney ill. Salt Lake City people say so—people who have been cured—your own neighbors—Here's proof.

E. Madson, Plumber, employed at the Salt Lake Hardware Co., residence 164 West 4th St., South, says: "Twenty-one years ago I was run over by a team and since then my back has been weak and my kidneys caused me no end of annoyance. In following my occupation, fitting furnaces, heaters, etc., I have to stoop a great deal and most of the work necessitates strain on the muscles of the back. This of course aggravates the cause and when in the acute stage I frequently suffer. Knowing from the irregular action of the kidneys secretions that the kidneys were responsible for the annoyance led me to try remedies when the attacks were very pronounced. None of them ever brought such lasting relief as Doan's Kidney Pills procured at the F. J. Hill Drug Co.'s store. Satisfied that one box did its work thoroughly and well I purchased a second and when I had completed it the last attack stopped."

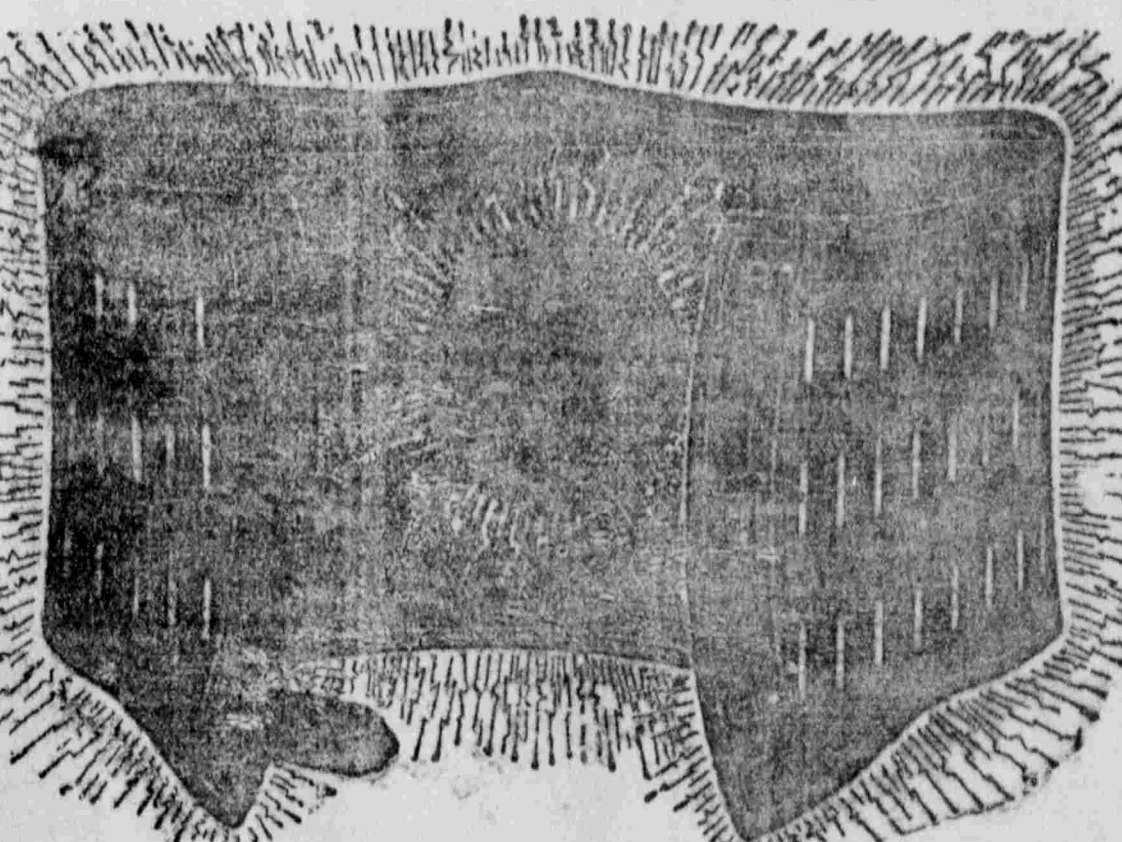
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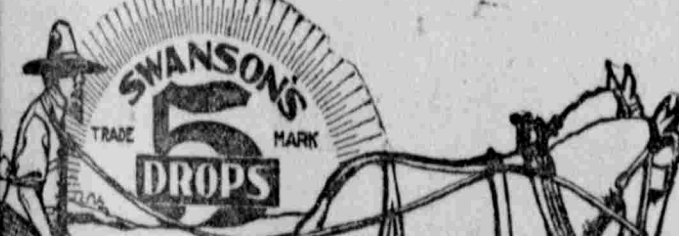
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BEARING DOWN PAINS

CHICAGO, ILL., Sept. 27, 1902.

I have been a sufferer with almost every kind of female trouble for years, but as long as I could get around and do my work I would not try patent medicines as I had no faith in them.

About eight months ago I had to take to my bed, suffering with prolapsus of the uterus, with bearing down pains and intense pains in the back. My aunt, who came to nurse me, told me of Wine of Cardui and sent for a bottle. I am indeed glad that she did, for that first bottle started me on the road to recovery.

In a few weeks I was out of bed and in three months I was in better health and stronger than I had been in years. I take a dose now, occasionally, of Wine of Cardui and am kept in perfect health.

Mabel Cook

Secretary of Woodman's Circle No. 78.

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Wine of Cardui brings certain relief to a woman suffering any symptom of female weakness and perfectly regulates the menstrual flow and gives strength and tone to the weakened organs of womanhood. Wine of Cardui stops bearing down pains by permanently relieving the irritation which weakens the ligaments holding the womb in place. After taking Wine of Cardui Miss Cook had no more pains or suffering at the menstrual period. You need not suffer every month if you take this medicine. The periodical discharge will be painless and healthy without continual weakening drains. Wine of Cardui will make your health right and you may treat yourself privately in your own home. All druggists sell \$1.00 bottles of Wine of Cardui. Secure a \$1.00 bottle of Wine of Cardui today.

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